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Financing of the United Nations Peacekeeping Force in Cyprus

Financing arrangements for the United Nations Peacekeeping Force in Cyprus for the period from 1 July 2004 to 30 June 2005

Report of the Advisory Committee on Administrative and Budgetary Questions

Appropriation for 2004/05	$47,240,400*
Revised budget submitted by the Secretary-General for 2004/05	$49,139,200
Recommendation of the Advisory Committee for 2004/05	$47,240,400

* Does not include $2,176,900 appropriated separately for strengthening the security and safety of the staff and premises of the Force.

1. The Advisory Committee has considered the note by the Secretary-General on the financing arrangements for the United Nations Peacekeeping Force in Cyprus (UNFICYP) for the period from 1 July 2004 to 30 June 2005 (A/59/718), which contains a request for a revised appropriation to provide an additional $1.9 million. **The Committee recommends that any necessary additional requirement be reported in the performance report for UNFICYP.**

2. The Secretary-General indicates in paragraph 3 of his note that, since the issuance of the budget for UNFICYP for the period from 1 July 2004 to 30 June 2005, dated 19 December 2003 (A/58/644), substantial changes in the cost parameters used to establish that budget, as well as new emergency requirements for the relocation of military personnel from their current accommodation, have had a significant impact on the original cost estimates. This is despite anticipated savings expected from the downsizing of the Force from a troop strength of 1,230 to 860

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military contingent personnel, subsequent to Security Council resolution 1568 (2004) of 22 October 2004.

3. Additional resources resulting from changes in the cost parameters include:

- $204,000 for an increase in the daily mission subsistence allowance rate for civilian police from $12 to $36, from 1 August 2004, to take into account the discontinuation of the provision of rations.
- $623,100 for increases in the post adjustment multiplier factor for international staff from the budgeted 27.5 to 38.2, in July 2004, to 47.5 in January 2005.
- $1,494,000 resulting from the introduction of the revised salary scales for national staff in effect from 1 September 2004, combined with the appreciation of the Cyprus pound against the United States dollar by 15 per cent (from the budgeted rate of CYP£ 0.54 to the United States dollar to CYP£ 0.46 in January 2005).
- $748,200 under facilities and infrastructure, attributable to the increased cost of supplies, materials and services procured locally, owing to the appreciation of the Cyprus pound against the United States dollar.
- $579,800 under ground transportation for the increases in rental costs of utility vehicles based on a new contract in effect from 1 July 2004 and the increased cost of diesel fuel from the budgeted $0.28 per litre to $0.47 per litre.
- $106,000 under medical services for projected higher costs of medical supplies and medical services provided locally, owing to the appreciation of the Cyprus pound.

4. Concerning the emergency requirement for relocation of military personnel, the Committee notes that an independent engineering survey commissioned by UNFICYP late in 2004 determined that facilities for the accommodation of troops at Camp San Martin (sector 1 headquarters) and the Ledra Palace Hotel were structurally unsafe and that their continuing utilization constituted an unacceptable safety risk. Given the prohibitive cost of refurbishing those facilities ($20.2 million), UNFICYP proposes the relocation of the troops to new, containerized facilities at a total cost of $3,762,200, of which $709,500 would be required during the 2004/05 financial period for the engagement of engineering consultancy services and site preparation, including electrical, water and sewage projects. The balance of the estimated total cost of the project, representing $3,052,700, would be required for the acquisition of prefabricated facilities during 2005/06, and is being submitted as an addendum to the proposed budget for that period.

5. Upon request, the Committee was informed that intensive contacts and discussions on the question of accommodation for troops had been maintained with the host country. The mission has yet to receive a formal reply from the Government of Cyprus. **The Advisory Committee recognizes the obligation of the United Nations to provide safe and sanitary accommodation for troops, and the necessity of transferring them from their current dilapidated premises. It points out, however, that under the current proposal the military contingent of UNFICYP would move from accommodation provided by the Government of Cyprus to facilities to be financed by the mission. The Committee considers that this sets an unwelcome precedent.**

6. The Advisory Committee was informed that, in anticipation of the projected cost overruns, and in an effort to reduce the amount of the ensuing deficit, UNFICYP has cancelled or deferred expenditure totalling $1,122,100 during the 2003/04 financial period; for 2004/05 the projected savings amount to $2,565,800, of which $2,292,300 is attributable to the reduction of the Force from 1,230 to 860 personnel. Upon request, a detailed list of the projects and equipment deferred, scaled down or cancelled was provided by UNFICYP. **The Committee urges UNFICYP to continue its efforts to control expenditure.**

Conclusion

7. The total additional requirements requested by UNCIFYP amount to $4,464,600 gross ($4,685,300 net), including $3,755,100 gross ($3,975,800 net) resulting from the modified cost parameters and $709,500 for the cost of the emergency construction project during the 2004/05 financial period. This amount is to be accommodated in part through the anticipated savings in the amount of $2,565,800 resulting from the downsizing of the Force as well as the reprogramming and reprioritization of the already approved resources. The net additional resources requested by UNFICYP amount to $1,898,800 gross ($2,119,500 net). Of this amount, some $700,000 would be funded through a voluntary contribution of the Government of Cyprus.

8. **The Advisory Committee is of the opinion that requests for revised appropriations should be made only in exceptional circumstances. Taking into account the relatively minor amount being requested, and also the situation described in paragraph 5 above, the Committee recommends that any necessary additional requirement be reported in the performance report.**